

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:)	Case number 10-50494
)	
Fair Finance Company)	Chapter 7
)	
Debtor)	Chief Judge Marilyn Shea-Stonum

Name of Applicant: Howard L Klein Co.

Authorized to Provide
Professional Services as: Howard L Klein Co.

Date of Application: June 27, 2011

Date of Order Approving
Appointment: March 23, 2010, *Nunc Pro Tunc* to Feb. 22,
2010

Period for which Fees and
Reimbursement are sought: February 22, 2010 to December 31, 2010

Amount of Fees sought as Actual,
Reasonable and Necessary: \$298,156.25

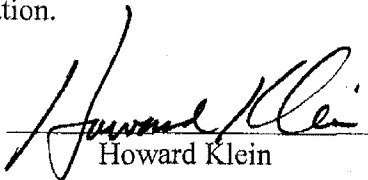
Amount of Expenses sought as Actual,
Reasonable and Necessary: \$11,200.63

This application is: first interim.

CLIENT CERTIFICATION

I have reviewed this application as a representative of Howard L Klein Co. In that capacity, I
Howard Klein approved this Application.

6.27.11
Date


Howard Klein

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:)	Case number 10-50494
)	
Fair Finance Company)	Chapter 7
)	
Debtor)	Chief Judge Marilyn Shea-Stonum

Application for interim allowance of compensation and reimbursement of expenses by Howard L. Klein Co.

The application of Howard L. Klein Co. respectively represents:

1. Howard L. Klein Co., with an office at 25550 Chagrin Blvd. - Suite 204, Beachwood, Ohio 44122, is a professional corporation of which Howard Klein is a certified public accountant. Howard L. Klein Co. is employed by the Chapter 7 Trustee for Fair Finance Company ("Fair Finance") and makes this application for an allowance of compensation for professional services rendered and for reimbursement for actual and necessary costs and expenses incurred in performance of services for the debtor in accordance with Sections 330 and 331 of the Bankruptcy Code and local rule - general order no. 93-1.

2. Howard L. Klein Co. was employed to perform accounting services on behalf of the trustee in this case. The application was filed on February 25, 2010. The appointment was approved by the Bankruptcy Court on March 23, 2010, *Nunc Pro Tunc* to February 22, 2010.

3. All services for which compensation is requested by Howard L. Klein Co. were performed for the trustee after the filing of the case and were not rendered on behalf of a creditor, or other person.

4. Howard L. Klein Co. has received no payment and no promises from any source for the described services rendered or to be rendered in any capacity whatsoever in connection with this case, and there is no agreement or understanding between Howard Klein Co. and any other person for the sharing of compensation to be received for services rendered in this case.

5. Howard L. Klein Co. has not entered into any agreement, express or implied with any party in interest, including any creditor, or with any attorney for any party in interest, for the purpose of fixing the fees or other compensation to be paid to any party in interest or to any attorney for any

party in interest, for services rendered in connection herewith.

6. Howard L. Klein Co. has rendered professional services for the Trustee since his appointment. Substantial accounting and consulting work has been required of Howard L. Klein Co. since his appointment for the reason that the case has presented complex accounting issues.

7. Howard Klein has extensive experience in bankruptcy accounting and fraud investigations. Howard Klein is well versed and experienced in the review of books and records of bankrupts, debtors and others involved in insolvency proceedings. Howard Klein has worked on bankruptcy and fraud engagements for over 30 years. Howard Klein is a member of the Association of Insolvency Accountants and is a Certified Insolvency and Restructuring Advisor (CIRA). In addition, Howard Klein is a member of the Association of Certified Fraud Examiner and is a Certified Fraud Examiner. The work performed by Howard Klein demanded a highly skilled professional to perform the requisite accounting services properly and expeditiously.

8. Howard Klein assisted the Trustee in the following:

A. Fair Finance was a massive Ponzi fraud involving over \$200 million of investor's funds. Most of the accounting records were seized by the FBI on November 24, 2009, approximately three months prior to the appointment of the Trustee. Fair Finance was a complicated fraud involving numerous related business entities and business/personal acquaintances of the controlling parties, Timothy Durham and James Cochran. Extensive analyzes of the accounting records of the debtor and the related entities were required to trace the disposition of the misappropriated assets.

B. Howard Klein assisted the Trustee in identifying preferences, fraudulent conveyances and payments to insiders.

C. Howard Klein also provided assistance to the Trustee in analyzing complex transaction such as the: Brevet litigation, the Daniel Laikin litigation, the Fortress financing, the Summit financing, the CLST transaction and the National Lampoon transaction.

C. Howard Klein assisted the Trustee in securing the Akron headquarters and the seven branches located throughout northeast Ohio.

D. Howard Klein assisted the Trustee in the wind down of the debtor's business affairs:

(1) Howard Klein assisted the Trustee in closing the seven branches: (a) moving the computers and records to a secured location (b) inventoried the assets at each branch (c) assisted the Trustee in negotiations with the various landlords to terminate the leases (d) supervised the boxing and indexing of over 200 boxes of underwriting documents at the Cuyahoga Falls branch, and, (e) contacted and supervised the moving company in transporting the records to a secured storage site.

(2) Howard Klein assisted the Trustee in coordinating with ADP the preparation of final payroll returns, W-2s and the refund of \$6,550 in Cobra credits from the IRS.

(3) Howard Klein worked with the various dealers in returning their installment papers and providing them with electronic files of their records in order to minimize the disruption to their businesses.

(4) Howard Klein prepared over 5000 Form 1099s for tax year 2009 to comply with IRS reporting regulations. Howard Klein obtained abatement from the IRS for Fair's \$3,750.00 penalty in filing their 2008 Form 1099s.

(5) Howard Klein responded to investor inquiries as to questions regarding their Form 1099s, their investment balances and other inquiries.

(6) Howard Klein assisted the Trustee and Baker & Hostetler in employee issues included COBRA and 401K plan dissolutions.

(7) Howard Klein assisted the Trustee in dealing with creditors issues.

E. Directed and supervised three Fair Finance former employees hired by the Trustee to assist in the wind down of Fair Finance. One employee was retained to assist Howard Klein in other matters.

F. Analyzed investor transactions as of February 7, 2010 and investor activity from January 1, 2006 through February 7, 2010.

G. Prepared SOFA and bankruptcy schedules based on the available records at Fair Finance at the request of the Trustee. The Trustee was unable to obtain a representative of the debtor to file the bankruptcy reports.

H. Howard Klein assisted the Trustee in monitoring of the collection of \$18 million of accounts receivables by Duvera and the status of the \$15 million loan with Fortress.

I. Howard Klein closed the books and records of Fair Finance as of December 31, 2009 and December 31, 2010 with assistance from Fair's former employees. Howard Klein converted Fair's accounting system from MAS 200 as of February 28, 2010 to Quick Books to reduce the complexity in accounting for Fair's transactions during the post Trustee period.

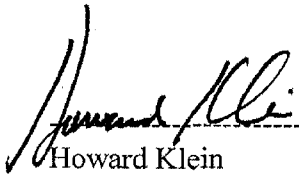
J. Subsequent to this fee application period, but based in part on time spent during this fee application period, Howard Klein prepared a Ponzi and insolvency analysis for the Trustee, expert reports in the Laikin and McKibben litigation matters and several affidavits in the Brevet and

National Lampoon matters.

9. In rendering the services for which compensation is sought, Howard L. Klein Co. spent 1,327.40 hours from February 22, 2010 through December 31, 2010. The attached exhibits A through D describes the services and the time required to render the services. The reasonable value of the services rendered by Howard L. Klein Co. is \$298,156.25.

10. In performing the services herein, Howard L. Klein Co. incurred ordinary and necessary expenses in connection with the case in the sum of \$11,200.63 from February 22, 2010 through December 31, 2010, for which reimbursement is requested. A statement of the amount requested is set forth in exhibits E through H attached hereto and made a part hereof.

WHEREFORE, Howard L. Klein Co. prays that it be allowed the sum of \$298,156.25 as compensation for professional services rendered to the debtor from February 22, 2010 through December 31, 2010, and that it be reimbursed in the amount of \$11,200.63 for expenses necessarily advanced or paid through that date.


Howard Klein

6-27-11
Date

CERTIFICATE OF SERVICE

A copy of the foregoing has been served via ECF or regular, U.S. Mail, on August 10, 2011, on the attached service list.

/s/ Kelly S. Burgan

Kelly S. Burgan

Counsel for the Trustee

SERVICE LIST

Electronic Mail Notice List

The following is the list of parties who are currently on the list to receive e-mail notice/service for this case.

- Brian A Bash bashtrustee@bakerlaw.com, bbash@ecf.epiqsystems.com
- Brian A Bash BBash@bakerlaw.com
- Kelly Burgan kborgan@bakerlaw.com
- Anthony J. Cespedes ajc1253@yahoo.com
- Adam D. Cornett acornett@taftlaw.com, cmillner@taftlaw.com; docket@taftlaw.com
- Breaden M Douthett bdouthett@bakerlaw.com, krossiter@bakerlaw.com
- J Douglas Drushal ddrushal@ccj.com
- Joseph Esmont jesmont@bakerlaw.com, joe.esmont@gmail.com
- Leon Friedberg lfriedberg@cpmlaw.com, knocera@cpmlaw.com; squinn@cpmlaw.com
- H Ritchey Hollenbaugh hrh@cpmlaw.com, knocera@cpmlaw.com; slq@cpmlaw.com
- Steven G Janik steven.janik@janiklaw.com
- Cynthia A Jeffrey ecfdoh@reimerlaw.com, RACJ.ecfdoh@yahoo.com
- Stuart A. Laven slaven@beneschlaw.com, docket@beneschlaw.com; mkrawczyk@beneschlaw.com; lbehra@beneschlaw.com
- Trish D. Lazich trish.lazich@ohioattorneygeneral.gov, angelique.seals@ohioattorneygeneral.gov
- Scott B. Lepene slepene@beneschlaw.com, docket@beneschlaw.com; mkrawczyk@beneschlaw.com; lbehra@beneschlaw.com
- David A Looney attorney@bright.net
- Grant A Mason gamason@millermast.com
- Matthew H Matheney mmatheney@frantzward.com, dlbeatrice@frantzward.com
- Shorain L. McGhee shorain.mcghee@sbcglobal.net
- David P. Meyer dmeyer@dmlaws.com, docket@dmlaws.com
- David Polan Meyer dmeyer@dmlaws.com
- Michael J Moran moranecf@yahoo.com
- David A Mucklow davidamucklow@yahoo.com
- Crystal L. Nicosia crystal.nicosia@janiklaw.com
- Alexis Courtney Osburn aosburn@bakerlaw.com
- Mark A Phillips mphilips@beneschlaw.com, docket@beneschlaw.com; lbehra@beneschlaw.com; cgreen@beneschlaw.com
- Timothy Paul Piatt tppiatt@mgplaborlaw.com
- Clinton E. Preslan ndohbky@jbandr.com
- David F. Proano dproano@bakerlaw.com
- Stephen J Pruneski spruneski@rlblp.com
- Ray H Stoess raystoess@600westmain.com
- Timothy M. Sullivan tim@tmslaw.net, alison@tmslaw.net
- Vance P Truman medinaatty@yahoo.com, medinaatty@gmail.com
- United States Trustee (Registered address)@usdoj.gov
- Nancy A Valentine navalentine@hahnlaw.com, hlpcr@hahnlaw.com
- Thomas C Wagner wagnert@tcwlayers.com, wagnert@vwlawyers.com
- Wayne County Litigants ddrushal@ccj.com
- Maria D. Giannirakis ust06 maria.d.giannirakis@usdoj.gov

Manual Notice List

The following is the list of **parties** who are **not** on the list to receive e-mail notice/service for this case (who therefore require manual noticing/service).

Emily S. Donahue
Jackson Walker L.L.P.
901 Main Street, Suite 6000
Dallas, TX 75202

Christine A. Arnold
6005 Twin Lakes Drive
Parma, OH 44219

Charles R. Dyas, Jr.
Barnes & Thornburg LLP
Fifth Third Center
21 East State Street, Suite 1850
Columbus, OH 43215

Leon Friedberg
Dennis J. Concilla
Carl A. Aveni
H. Ritchey Hollenbaugh
Carlile Patchen & Murphy LLP
366 Broad Street
Columbus, OH 43215

Robert Boote
Ballard Spahr LLP
919 North Market Street, 12th Floor
Wilmington, DE 19801-3034

Leslie C Heilman
Ballard Spahr LLP
919 North Market Street, 12th Floor
Wilmington, DE 19801-3034

Mark A. Phillips
Stuart A. Laven, Jr.
Scott B. Lepene
Benesch Friedlander Coplan & Aronoff LLP
200 Public Square, Suite 2300
Cleveland, OH 44114

Lenore Kleinman
Office of the United States Trustee
Howard M. Metzenbaum U.S. Courthouse
201 Superior Avenue East, Suite 441
Cleveland, Ohio 44114

Eric W. Sleeper
Barton Barton & Plotkin LLP
420 Lexington Avenue
New York, NY 10170

Gary Sallee
11650 Olio Road, Suite 1000-333
Fishers, IN 46037

Robert Hanlon
Eileen Hanlon
P.O. Box 42
State Route 43
Mogadore, OH 44260

John McCauley, Esq.
J. Richard Kiefer, Esq.
Bingham McHale LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204

Tobey Daluz
Ballard Spahr LLP
919 North Market Street, 12th Floor
Wilmington, DE 19801-3034

Jay Jaffe
Baker & Daniels LLP
600 E. 96th Street, Suite 600
Indianapolis, IN 46240

Michael V. Demczyk
12370 Cleveland Avenue, NW
P.O. Box 867
Uniontown, OH 44685